NIBE INDUSTRIER B

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Lucas Mattsson, Head of Equity Research, Sweden
+46 731589485
lucas.mattsson@inderes.com

COMPANY REPORT



Still plenty of heat in the recovery

We believe that NIBE's Q3 report was strong, with operating profit exceeding our and consensus expectations, mainly driven by Element and Stoves. We have therefore raised our operational earnings estimates by some 2–4% for 2026–2028e. In our view, seven consecutive quarters of organic growth and margin improvement, together with management's confident tone and reiterated margin ranges, reinforce our conviction that the volume-led recovery is sustainable. Given the strong expected earnings growth, we believe the risk/reward ratio remains good. As a result, we reiterate our Accumulate recommendation and raise our target price to SEK 49 per share (prev. SEK 47) on the back of increased estimates.

Element and Stoves drove the earnings beat

NIBE's Q3 revenue was 11.2 BSEK, with FX-adjusted organic growth of 9.9%, slightly above both our forecast and consensus. Climate Solutions was in line with our expectations, with continued growth in European heat pump sales and strong US commercial HVAC demand more than offsetting weaker US residential sales. Given the strong European market data, one could have expected stronger growth, but we believe NIBE's premium positioning and its fairly large, replacement-driven water heater and district heating businesses dilute growth compared with pure heat pump market data. Element once again stood out, driven by demand from the heat pump and semiconductor industries as well as electrification. On margins, operating profit rose 34% to 1.5 BSEK, corresponding to an EBIT margin of 13.6%, clearly above both our and consensus forecasts. Climate Solutions (15.7%) was relatively in line with our expectations, while Element (10.1%) and Stoves (6.0%) stood out on the positive side, driven by higher volumes, productivity gains and good cost control. Cash flow was also strong, and the net debt/EBITDA ratio fell to 2.4x, approaching NIBE's historical average, which in our view paves the way for increased M&A activity.

Margin recovery continues, earnings estimates raised

While NIBE provides no numerical guidance, management's tone was once again confident. The company stated that the traditional seasonal pattern has been re-established, noted signs of recovery in consumer behavior and reiterated its margin ranges for Climate Solutions (13–15%) and Element (8–11%), while Stoves is expected to land at 6–8% in the short term due to tariffs. On the back of the Q3 beat, we have raised our operational earnings estimates by some 2–4% for 2026–2028e, mainly as we expect a faster profitability recovery in Element and Stoves. In the mid-to-long term, we expect annual growth of ~6–8%, and with room to improve capacity utilization, we see potential for margin expansion towards around 13%. However, the main downside risks to our estimates are interest rates remaining higher for longer and weighing on new-build markets and the risk of gradual phase-down of heat pump subsidies in key European markets such as Germany and the Netherlands.

We reiterate our Accumulate recommendation

Based on our estimates for 2026 and 2027, NIBE's adjusted P/E ratios are 27x and 22x, while the corresponding EV/EBIT ratios are 20x and 17x. As 2026 is coming to an end, we place more emphasis on next year's multiples, which look attractive to us if the earnings recovery continues materializing. NIBE trades at a slight premium to its peers, which we consider relatively neutral given its strong track record. Correspondingly, the 12-month expected return, consisting mainly of solid earnings growth, a downside in multiples (LTM adj. P/E ~29x), and a dividend yield of around 1–2% per year, exceeds our required return. The share also has an upside relative to our DCF value of around SEK 49 per share. Thus, we believe the overall valuation picture continues to support a positive view on the stock over a 12-month horizon.

Recommendation
Accumulate
(prev. Accumulate)

Target price:
SEK 49.0
(prev. SEK 47.0)

Share price:
SEK 44.1

Business risk



Valuation risk

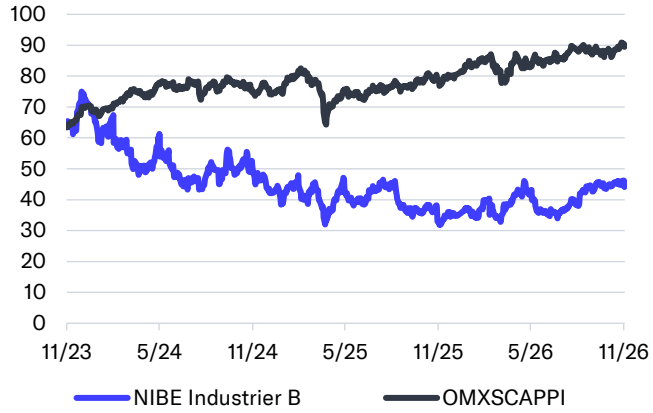


	2025	2026e	2027e	2028e
Revenue	40,841	43,835	46,850	50,572
growth-%	1%	7%	7%	8%
EBIT adj.	4,303	5,322	6,092	6,654
EBIT-% adj.	10.5 %	12.1 %	13.0 %	13.2 %
Net Income	2,281	3,264	4,117	4,683
EPS (adj.)	1.22	1.62	2.04	2.32
P/E (adj.)	29.2	27.2	21.6	19.0
P/B	2.4	2.7	2.5	2.3
Dividend yield-%	1.0 %	1.2 %	1.5 %	1.5 %
EV/EBIT (adj.)	20.7	19.6	16.6	14.7
EV/EBITDA	14.2	13.6	11.9	10.8
EV/S	2.2	2.4	2.2	1.9

Source: Inderes

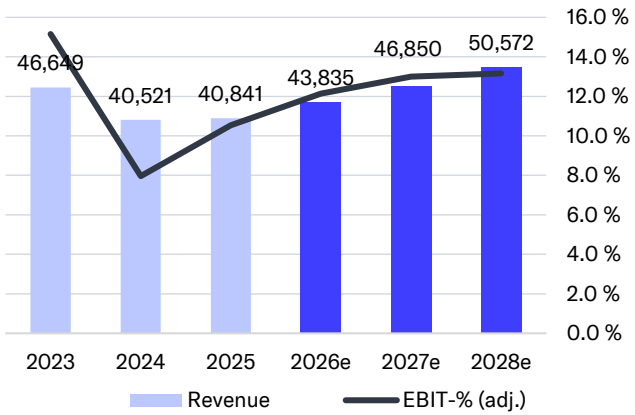
Guidance (NIBE does not provide any guidance)

Share price



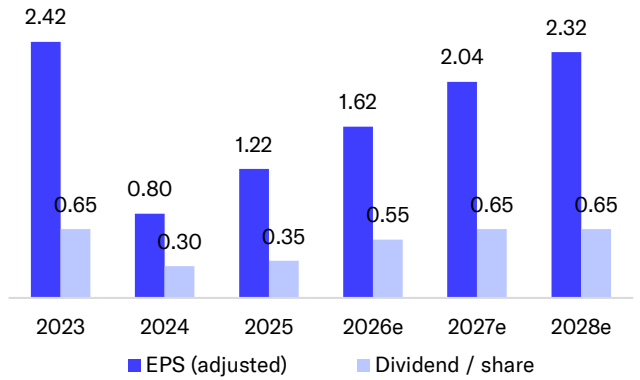
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Strong market position and globally well-known brands
- Good long-term prospects for renewable energy-based systems
- Energy efficiency investments support growth
- Vertical and horizontal synergies create efficiency and reduce costs

Risk factors

- Weak new construction market and uncertainty regarding future heat pump subsidies
- Somewhat cyclical demand
- Persistently unfavorable gas-to-electricity price ratios
- Risks generated by acquisitions and/or expansion investments

Valuation	2026e	2027e	2028e
Share price	44.1	44.1	44.1
Number of shares, millions	2,016	2,016	2,016
Market cap	88,909	88,909	88,909
EV	104,133	100,964	97,582
P/E (adj.)	27.2	21.6	19.0
P/E	27.2	21.6	19.0
P/B	2.7	2.5	2.3
P/S	2.0	1.9	1.8
EV/Sales	2.4	2.2	1.9
EV/EBITDA	13.6	11.9	10.8
EV/EBIT (adj.)	19.6	16.6	14.7
Payout ratio (%)	34.0 %	31.8 %	28.0 %
Dividend yield-%	1.2 %	1.5 %	1.5 %

Source: Inderes

Volume-led margin recovery gains traction

Element drove the revenue beat

NIBE's Q3 revenue reached 11.2 BSEK, corresponding to 11.4% growth (9.9% FX-adjusted organic growth), slightly above both our and consensus forecasts. Climate Solutions (Q3'26: 7.4 BSEK, 9.4% organic y/y growth) was in line with our expectations, as continued growth in European heat pump sales and strong US commercial HVAC demand more than offset the decline in US residential heat pump sales following the removal of tax subsidies. Given the strong European market data in Q3 (~20% growth in Nordic heat pump sales, 53% growth in the Netherlands and continued solid growth in Germany), one could have expected stronger growth in Climate Solutions, which at first glance could suggest that NIBE is losing market share. Management argued, however, that NIBE has grown in line with the market in its specific premium-oriented segments, and we also believe its fairly large, replacement-driven water heater and district heating businesses dilute growth compared with pure heat pump market data.

Element (3.4 BSEK, 14.9% organic y/y growth) was once again the clear positive surprise, driven roughly equally by demand from the heat pump and semiconductor industries and complemented by electrification-driven demand for industrial products. Stoves (0.8 BSEK, 3.1% organic y/y growth) was in line with our expectations, with the Nordic market appearing to have bottomed out, while Germany and France remained weak.

Margin expansion exceeded our expectations

NIBE's Q3 gross margin increased to 33.1% (Q3'25: 32.3%) on the back of higher volumes, improved productivity and price increases that have so far compensated for higher component costs. Combined with good cost control, operating profit increased by 34% to 1,524 MSEK, above both our and consensus forecasts, corresponding to an EBIT margin of 13.6%. Climate Solutions (15.7%) was relatively in line with our expectations, while Element (10.1%) and Stoves (6.0%) delivered surprisingly strong margins, driven by higher volumes, productivity gains and good cost control, despite continued tariff headwinds in Stoves. EPS came in slightly below our and consensus forecasts due to an unusually high tax rate, which we do not view as a concern for the underlying earnings power.

Strong cash flow brings leverage closer to historical levels

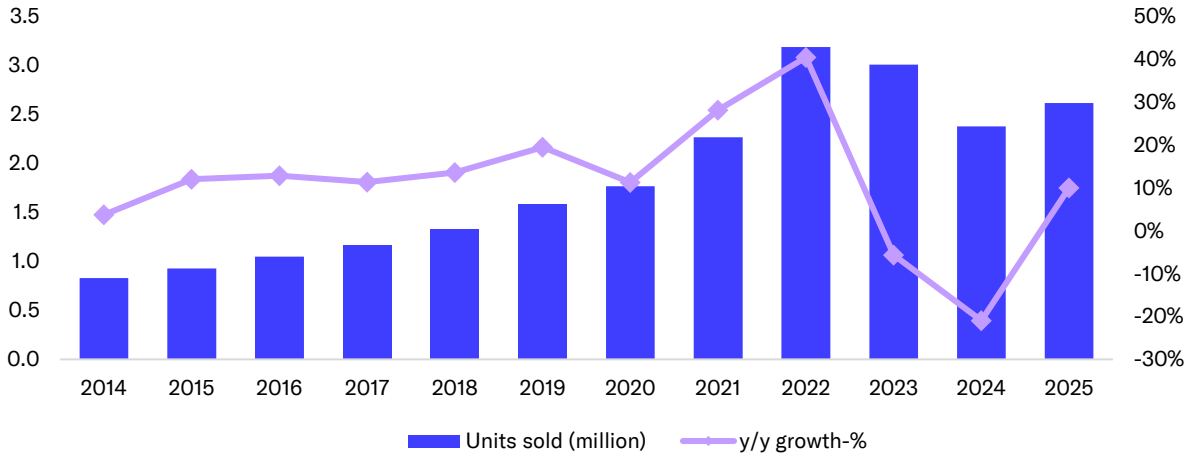
In our view, cash flow was strong in Q3, with operating cash flow after changes in working capital amounting to 1,723 MSEK (1,242 MSEK), and FCF/sales on a rolling 12-month basis, including acquisitions, amounting to a healthy ~8%. The net debt/EBITDA ratio fell to 2.4x (Q2'26: 2.7x), approaching NIBE's historical average of around 2.2x. With management also noting that the valuation gap between buyers and sellers has narrowed, we expect NIBE to become more active on the M&A front going forward.

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Consensus		Difference (%)	2026e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	10,086	11,232	11,001	10,977	10,584	11,266	2%	43,835
EBIT (adj.)	1,139	1,524	1,431	1,397	1,211	1,488	6%	5,322
EBIT	1,139	1,524	1,431	1,397	1,211	1,488	6%	5,322
PTP	906	1,319	1,241	1,207	1,004	1,308	6%	4,517
EPS (adj.)	0.30	0.44	0.48	0.45	0.36	0.49	-9%	1.62
Revenue growth-%	1.2 %	11.4 %	9.1 %	8.8 %	4.9 %	11.7 %	2.3 pp	7.3 %
EBIT-%	11.3 %	13.6 %	13.0 %	12.7 %	11.4 %	13.2 %	0.6 pp	12.1 %

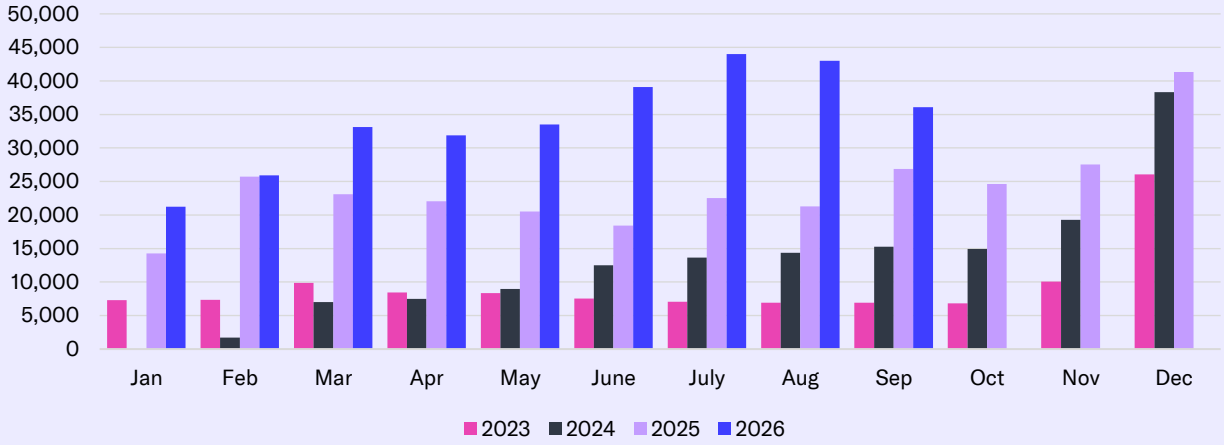
Source: Inderes & Bloomberg (10.11.2026 13 analysts) (consensus)

European heat pump market figures

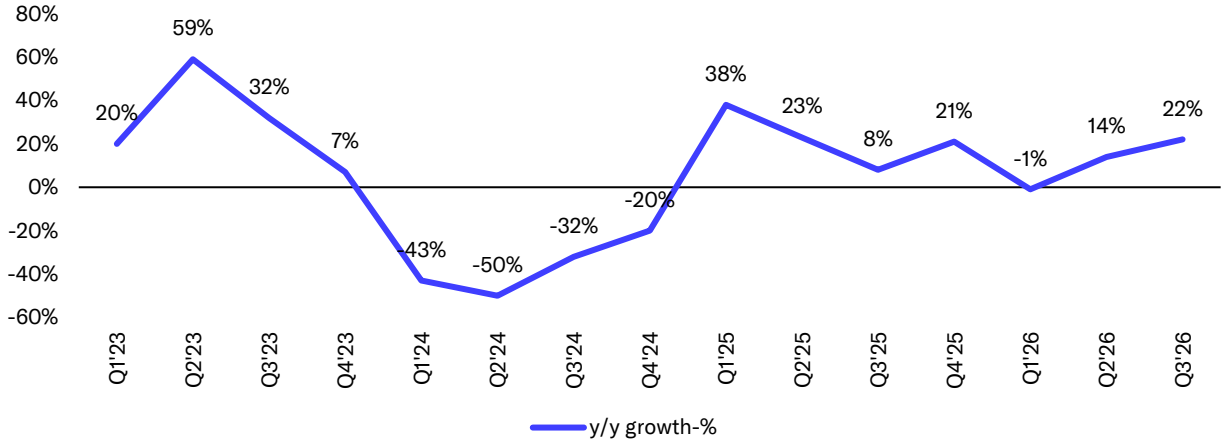
European heat pump market development



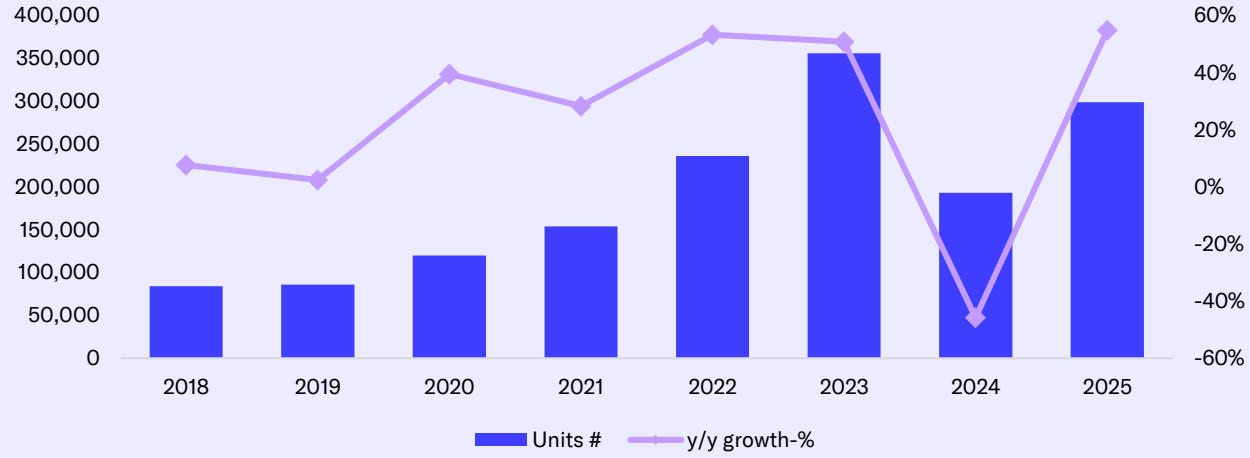
Applications for heat pump subsidies in Germany



Heat pump sales growth development in the Swedish market



Heat pump sales in Germany



Source: Inderes, EHPA, SKVP, BDH, BMWK

Q3 beat lifts our earnings estimates

Confident tone and reiterated margin ranges

While NIBE does not provide specific numerical guidance, we view management's commentary as confident once again, with the company stating that Q3 confirms the re-established traditional seasonal pattern and noting signs of recovery in consumer behavior despite the uncertain global environment. NIBE also reiterated its expectation that Climate Solutions and Element will land well within their historical margin ranges (13–15% and 8–11%, respectively) on a full-year basis, while Stoves is expected to reach 6–8% in the short term due to tariffs, with the ambition to return to its historical range of 10–13% over the longer term. Overall, we see the commentary as supportive of a continued volume-led margin recovery, although near-term headwinds persist, including a sluggish new-build market.

Operational earnings estimates raised by 2–4%

On the back of the Q3 beat, we have raised our 2026 revenue estimate by around 1% and our operational earnings estimate by some 2%. Our 2026 EPS estimate, however, decreased by around 4%, as the unusually high tax rate in Q3 more than offset the higher operating profit. For 2027–2028, we have kept our revenue estimates largely unchanged but raised our operational earnings estimates by some 2–4%, mainly driven by our expectation of a faster profitability recovery in Element and Stoves following their strong margin development in Q3.

Over the mid-to-long term, we expect a fairly high annual growth rate of some 6–8%. Management has indicated a capacity utilization of around 60%, which in our view leaves room for rising margins through operating leverage as volumes continue to grow, and we believe this should support margin expansion towards around 13–14%. However, the main downside risks to our estimates are rising competition, particularly in the lower segment of air-to-water heat pumps, interest rates remaining higher for longer and weighing on new-build markets, and a material slowdown in heat pump adoption that could trigger significant inventory build-up, leading to a repeat of the 2024-25 destocking episode.

Although we see good prospects for continued growth in NIBE's underlying markets, European heat pump demand remains highly dependent on political support, which has historically been uncertain and volatile. A key risk is the gradual phase-down of subsidies. In Germany, support became degressive from July 2026, with further reductions scheduled every six months until 2030, while the Netherlands plans to cut its subsidy from January 2027. In our view, the strong Q3 market data (German subsidy applications up 98% y/y and Dutch residential heat pump sales up 53% y/y) may partly reflect purchases being brought forward ahead of these cuts, creating a risk of a weaker period once they take effect. Nevertheless, we maintain our view that heat pumps will remain a core part of the energy transition, supporting strong structural demand for NIBE’s products over the long term.

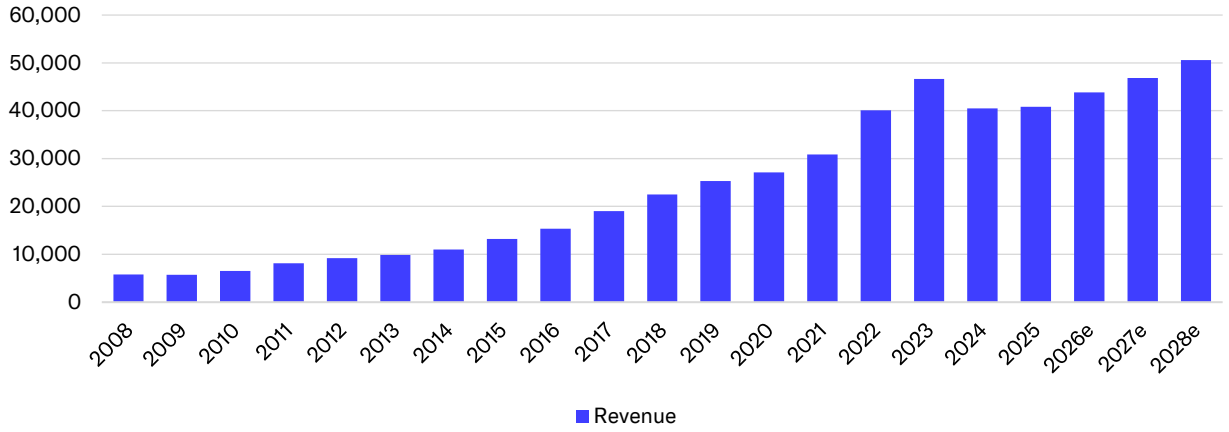
Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	43,515	43,835	1%	46,999	46,850	0%	50,800	50,572	0%
EBITDA	7,600	7,673	1%	8,182	8,465	3%	8,614	9,034	5%
EBIT (exc. NRIs)	5,235	5,322	2%	5,951	6,092	2%	6,425	6,654	4%
EBIT	5,235	5,322	2%	5,951	6,092	2%	6,425	6,654	4%
PTP	4,455	4,517	1%	5,251	5,417	3%	5,775	6,004	4%
EPS (excl. NRIs)	1.69	1.62	-4%	2.03	2.04	1%	2.23	2.32	4%
DPS	0.55	0.55	0%	0.65	0.65	0%	0.65	0.65	0%

Source: Inderes

Financial development

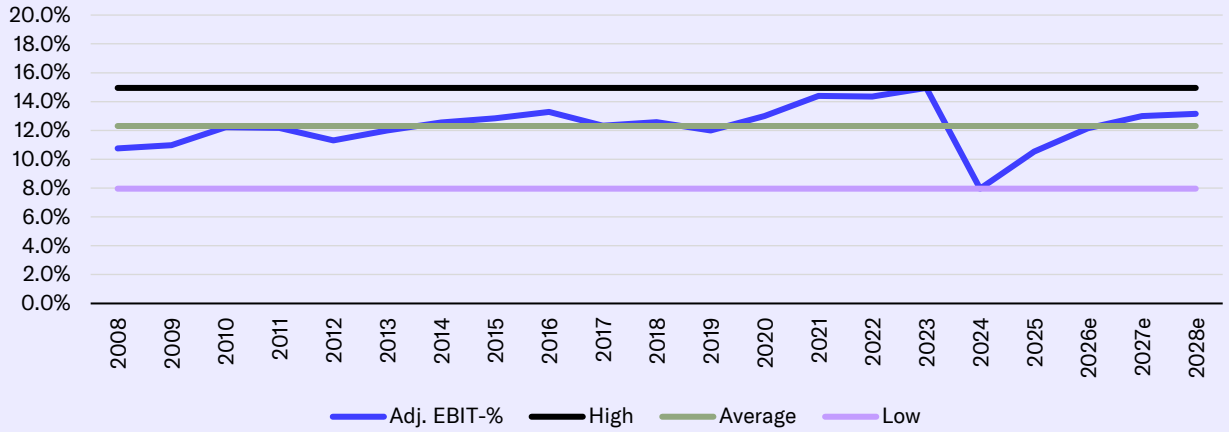
Group revenue development

MSEK, 2008-2028e



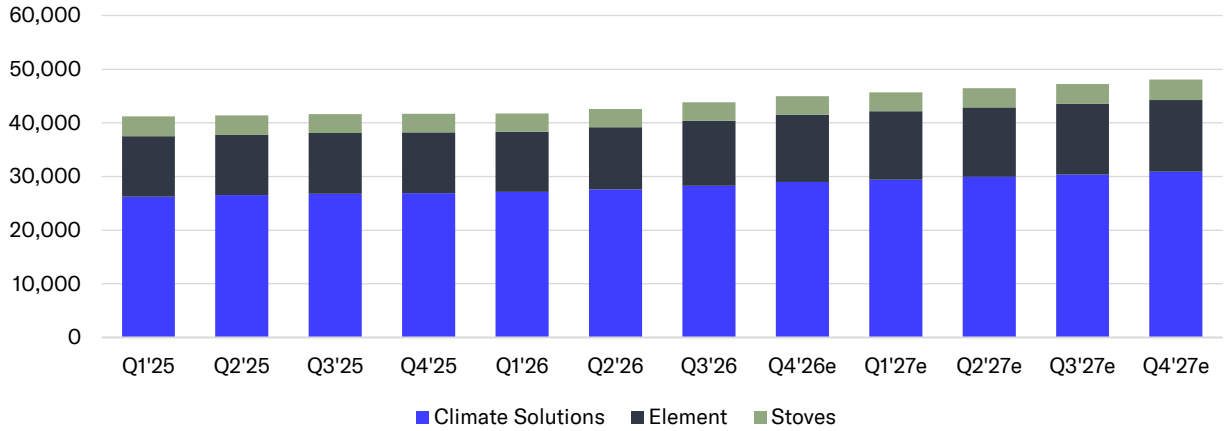
Group adj. EBIT-% development

2008-2028e



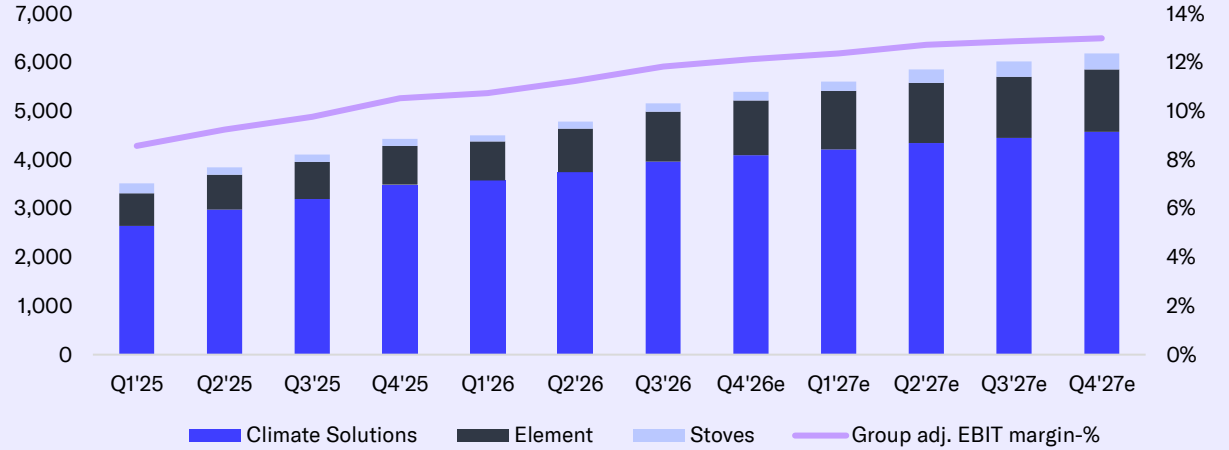
Revenue by business area

MSEK, Rolling 12 months



Adjusted EBIT by business area and group EBIT margin

MSEK, Rolling 12 months



Source: Inderes, NIBE

Earnings growth drives attractive expected return

Absolute valuation multiples

NIBE's 2026 valuation multiples are P/E: 27x and EV/EBIT: 20x. These multiples are relatively in line with the company's historical long-term medians, and we view them as relatively neutral. Looking ahead, if the market environment continues to improve and our forecast of an earnings recovery continues materializing, the estimated 2027 multiples of P/E: 22x and EV/EBIT: 17x look attractive to us. As 2026 is coming to an end, we now place more emphasis on the 2027 multiples. These are naturally based on estimates that depend on still uncertain improvements in earnings, but in our view visibility has increased somewhat after seven consecutive quarters of profitable growth. Key uncertainties include the macroeconomic environment, a sluggish construction market, and the gradual phase-down of heat pump subsidies in key European markets such as Germany and the Netherlands. In addition, intensifying competition, particularly in the lower segment of air-to-water heat pumps, could put pressure on pricing power over time.

Slight premium to peers is justified in our view

On a relative basis, NIBE is trading at a slight premium compared to its overall peer group, based on earnings multiples for 2026–27, even when comparing only to its international heat pump peers (such as Carrier, Trane, Lennox, and Beijer Ref). On the one hand, we believe that NIBE holds a strong long-term track record of profitable growth and high returns on capital, a strong market position in the premium segment and a solid M&A track record, which could justify a premium. On the other hand, growth outlook and margin potential are quite similar to peers, and NIBE is a smaller company compared to the overall peer group. All in all, we therefore consider NIBE's valuation relatively neutral compared to its overall peer group.

DCF suggests some upside

We also believe that the DCF model is a relevant valuation method for NIBE, given the availability of sufficient historical financial information, the stability of the industry, consistent growth, and a relatively predictable business. Overall, the model expects NIBE to grow at a high single-digit rate in the medium term and at a mid-single-digit rate in the long term, with the EBIT margin gradually improving as capacity utilization increases. With these assumptions, our DCF model arrives at an equity value of around 98 BSEK, which translates to around SEK 49 per share. This is in line with our target price and some 11% above the current share price, suggesting some upside.

Expected return is sufficient in the medium term

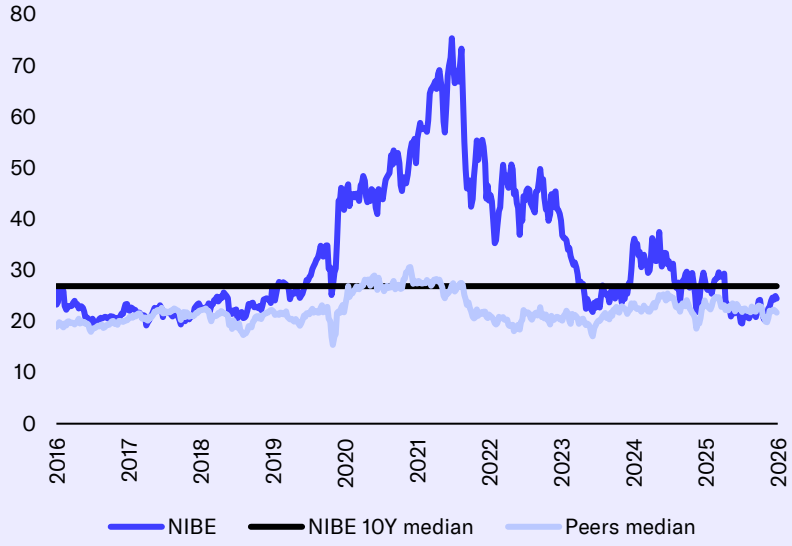
We expect investors to receive an annual dividend yield of about 1–2% over the next few years at the current share price. However, we do not deem dividends very significant for NIBE's expected returns, as its profile is that of a growth company. Instead, we believe the expected return will be driven primarily by earnings growth, driven by a continued volume-led margin recovery in all three business areas. In addition, as leverage approaches historical levels, we believe acquisitions could provide further upside to our estimates, which do not include any new M&A.

We believe that NIBE's valuation is high on an actual earnings basis (adj. P/E LTM: 29x). Although we expect downward pressure on LTM earnings multiples, we believe that the strong medium-term earnings growth offers a total expected return above our required return. We, therefore, consider the risk/reward ratio good and reiterate our Accumulate recommendation and raise our target price to SEK 49 per share (prev. SEK 47) on the back of increased estimates.

Valuation	2026e	2027e	2028e
Share price	44.1	44.1	44.1
Number of shares, millions	2,016	2,016	2,016
Market cap	88,909	88,909	88,909
EV	104,133	100,964	97,582
P/E (adj.)	27.2	21.6	19.0
P/E	27.2	21.6	19.0
P/B	2.7	2.5	2.3
P/S	2.0	1.9	1.8
EV/Sales	2.4	2.2	1.9
EV/EBITDA	13.6	11.9	10.8
EV/EBIT (adj.)	19.6	16.6	14.7
Payout ratio (%)	34.0 %	31.8 %	28.0 %
Dividend yield-%	1.2 %	1.5 %	1.5 %

Source: Inderes

Historical trading multiples, P/E (NTM)

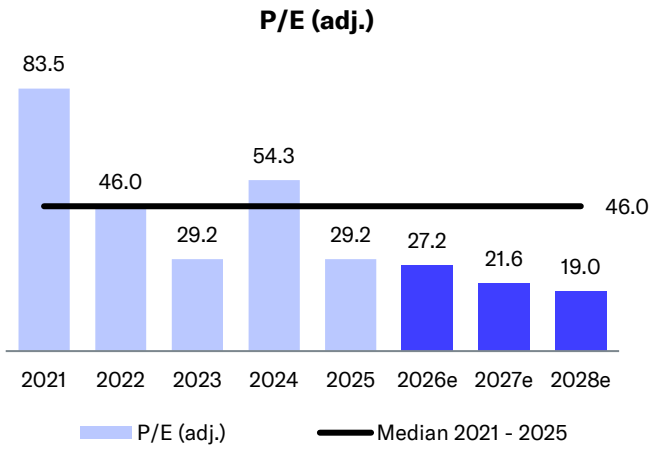


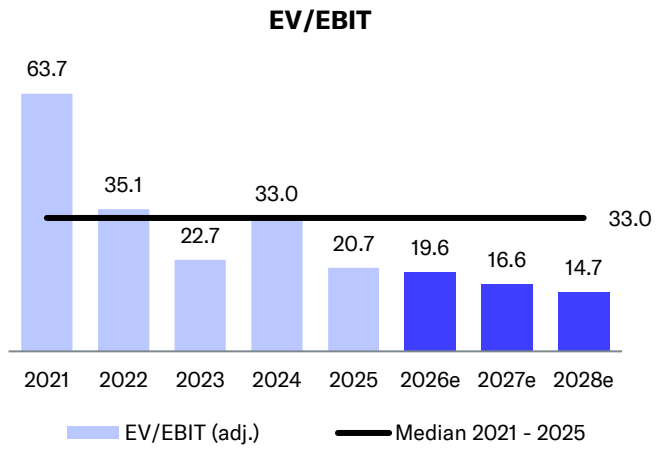
Source: Inderes, Bloomberg

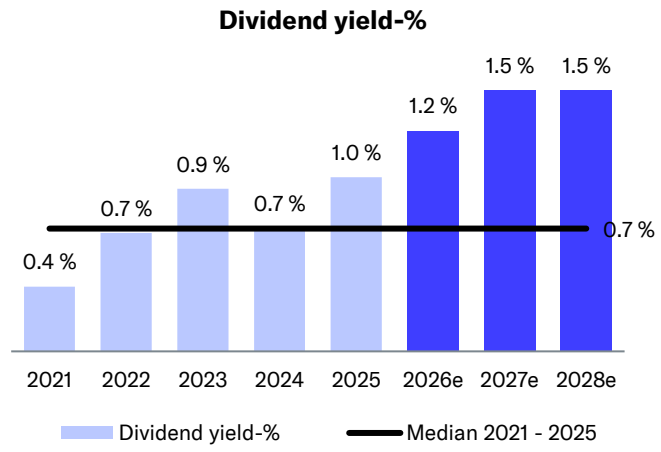
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	136.8	97.1	70.8	43.2	35.6	**44.1**	**44.1**	**44.1**	**44.1**
Number of shares, millions	2,016	2,016	2,016	2,016	2,016	**2,016**	**2,016**	**2,016**	**2,016**
Market cap	275,697	195,760	142,738	87,175	71,772	**88,909**	**88,909**	**88,909**	**88,909**
EV	283,549	202,352	160,174	106,382	88,961	**104,133**	**100,964**	**97,582**	**94,221**
P/E (adj.)	83.5	46.0	29.2	54.3	29.2	**27.2**	**21.6**	**19.0**	**16.8**
P/E	83.0	45.0	29.8	74.9	31.5	**27.2**	**21.6**	**19.0**	**16.8**
P/B	12.9	7.0	5.2	2.7	2.4	**2.7**	**2.5**	**2.3**	**2.1**
P/S	8.9	4.9	3.1	2.2	1.8	**2.0**	**1.9**	**1.8**	**1.6**
EV/Sales	9.2	5.0	3.4	2.6	2.2	**2.4**	**2.2**	**1.9**	**1.7**
EV/EBITDA	49.2	27.1	18.2	21.6	14.2	**13.6**	**11.9**	**10.8**	**9.8**
EV/EBIT (adj.)	63.7	35.1	22.7	33.0	20.7	**19.6**	**16.6**	**14.7**	**12.9**
Payout ratio (%)	30.4 %	30.1 %	27.4 %	52.0 %	30.9 %	**34.0 %**	**31.8 %**	**28.0 %**	**30.0 %**
Dividend yield-%	0.4 %	0.7 %	0.9 %	0.7 %	1.0 %	**1.2 %**	**1.5 %**	**1.5 %**	**1.8 %**

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Kone	30,970	30,271	21.3	18.5	16.8	15.1	2.6	2.4	28.3	24.2	3.2	3.4	10.6
Assa Abloy	39,699	45,353	18.9	17.0	15.5	14.1	3.2	2.9	25.0	21.7	1.7	1.9	3.8
Hexagon	25,918	26,401	18.6	21.8	17.3	15.6	6.1	5.4	28.3	27.5	1.3	1.3	3.2
Beijer Ref	7,491	8,553	22.8	19.7	18.0	15.7	2.3	2.1	29.7	25.1	1.0	1.2	3.4
Tomra Systems	2,690	3,314	23.0	14.0	12.4	9.1	2.2	1.9	32.3	17.3	2.0	3.1	4.3
Thule Group	2,092	2,405	14.8	13.5	12.4	11.4	2.5	2.4	18.3	16.5	4.2	4.7	3.0
Munters Group	2,307	2,951	20.0	11.5	13.5	8.8	1.9	1.5	26.8	14.0	1.2	2.0	4.9
Trane Technologies	81,144	83,803	20.7	18.0	19.1	16.6	3.8	3.5	26.7	23.1	1.0	1.1	9.5
Carrier	38,410	47,857	18.0	14.3	12.6	11.7	2.2	2.1	18.1	16.2	1.8	1.9	3.8
Lennox International Inc	10,423	11,855	12.8	12.0	11.4	10.7	2.4	2.3	15.7	14.4	1.5	1.6	8.7
Daikin Industries	39,387	40,824			10.8	9.9	1.5	1.3	26.0	23.1	1.4	1.6	2.3
Mitsubishi Electric	55,517	52,475			14.6	9.8	1.6	1.4	26.6	17.7	1.3	1.4	2.3
NIBE Industrier B (Inderes)	**8,083**	**9,467**	**19.6**	**16.6**	**13.6**	**11.9**	**2.4**	**2.2**	**27.2**	**21.6**	**1.2**	**1.5**	**2.7**
Average			**19.1**	**16.0**	**14.5**	**12.4**	**2.7**	**2.4**	**25.2**	**20.1**	**1.8**	**2.1**	**5.0**
Median			**19.5**	**15.6**	**14.1**	**11.5**	**2.4**	**2.2**	**26.6**	**19.7**	**1.5**	**1.8**	**3.8**
Diff-% to median			***1%***	***6%***	***-4%***	***3%***	***1%***	***0%***	***2%***	***10%***	***-15%***	***-16%***	***-29%***

Source: Refinitiv / Inderes

Income statement

Income statement	2024	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**40,521**	**40,841**	**9,650**	**10,849**	**11,232**	**12,104**	**43,835**	**46,850**	**50,572**	**54,568**
Climate Solutions	26,037	26,918	6,228	7,326	7,356	8,048	28,958	30,872	33,187	35,676
Element	11,092	11,284	2,845	3,121	3,357	3,208	12,531	13,404	14,409	15,490
Stoves	3,864	3,475	833	686	822	1,148	3,489	3,774	4,076	4,402
EBITDA	**4,916**	**6,271**	**1,435**	**1,830**	**2,110**	**2,298**	**7,673**	**8,465**	**9,034**	**9,642**
Depreciation	-2,245	-2,146	-567	-598	-586	-600	-2,351	-2,373	-2,381	-2,358
EBIT (excl. NRI)	**3,226**	**4,303**	**868**	**1,232**	**1,524**	**1,698**	**5,322**	**6,092**	**6,654**	**7,284**
EBIT	**2,671**	**4,125**	**868**	**1,232**	**1,524**	**1,698**	**5,322**	**6,092**	**6,654**	**7,284**
Climate Solutions	1,600	3,493	643	1,010	1,155	1,288	4,096	4,580	4,978	5,351
Element	362	795	187	277	341	321	1,126	1,278	1,369	1,549
Stoves	143	144	37	-24	50	115	178	334	408	484
Eliminations	566	-307	1	-31	-22	-25	-77	-100	-101	-101
Net financial items	-1,135	-970	-193	-207	-205	-200	-805	-675	-650	-500
PTP	**1,536**	**3,155**	**675**	**1,025**	**1,319**	**1,498**	**4,517**	**5,417**	**6,004**	**6,784**
Taxes	-374	-875	-171	-272	-436	-375	-1,254	-1,300	-1,321	-1,492
Minority interest	2	1	0	0	0	0	0	0	0	0
Net earnings	**1,164**	**2,281**	**504**	**753**	**883**	**1,124**	**3,264**	**4,117**	**4,683**	**5,291**
EPS (adj.)	**0.80**	**1.22**	**0.25**	**0.37**	**0.44**	**0.56**	**1.62**	**2.04**	**2.32**	**2.62**
EPS (rep.)	**0.58**	**1.13**	**0.25**	**0.37**	**0.44**	**0.56**	**1.62**	**2.04**	**2.32**	**2.62**

Key figures	2024	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-13.1 %	0.8 %	-0.2 %	7.6 %	11.4 %	10.0 %	7.3 %	6.9 %	7.9 %	7.9 %
Adjusted EBIT growth-%	-54.4 %	33.4 %	11.0 %	30.5 %	33.8 %	18.1 %	23.7 %	14.5 %	9.2 %	9.5 %
EBITDA-%	12.1 %	15.4 %	14.9 %	16.9 %	18.8 %	19.0 %	17.5 %	18.1 %	17.9 %	17.7 %
Adjusted EBIT-%	8.0 %	10.5 %	9.0 %	11.4 %	13.6 %	14.0 %	12.1 %	13.0 %	13.2 %	13.3 %
Net earnings-%	2.9 %	5.6 %	5.2 %	6.9 %	7.9 %	9.3 %	7.4 %	8.8 %	9.3 %	9.7 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**46,979**	**43,404**	**43,011**	**42,663**	**42,386**
Goodwill	25,290	25,290	25,290	25,290	25,290
Intangible assets	6,951	4,193	4,643	5,000	5,350
Tangible assets	13,214	12,416	11,565	10,860	10,233
Associated companies	325	325	325	325	325
Other investments	23	23	31	31	31
Other non-current assets	424	405	405	405	405
Deferred tax assets	752	752	752	752	752
Current assets	**23,427**	**21,651**	**23,671**	**24,830**	**26,298**
Inventories	10,644	9,167	9,644	9,838	10,114
Other current assets	0	0	0	0	0
Receivables	7,176	7,026	7,452	7,964	8,597
Cash and equivalents	5,607	5,458	6,575	7,027	7,586
Balance sheet total	**70,406**	**65,055**	**66,682**	**67,494**	**68,684**

Source: Inderes

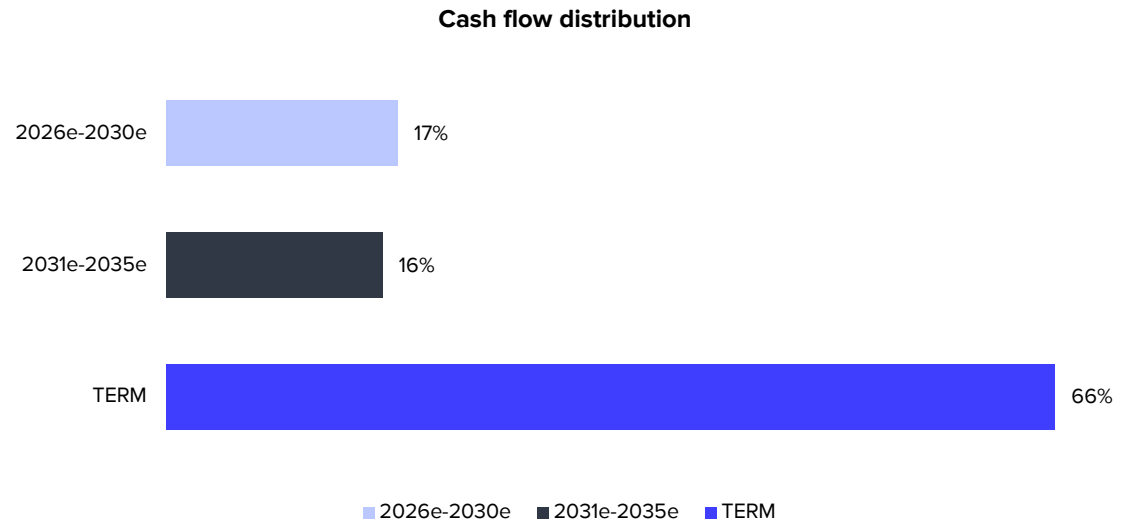
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**32,140**	**30,290**	**32,848**	**35,856**	**39,228**
Share capital	79	79	79	79	79
Retained earnings	27,480	25,630	28,188	31,196	34,568
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	4,543	4,543	4,543	4,543	4,543
Minorities	38	38	38	38	38
Non-current liabilities	**22,615**	**20,814**	**19,488**	**18,577**	**16,606**
Deferred tax liabilities	0	0	0	0	0
Provisions	2,787	2,787	2,787	2,787	2,787
Interest bearing debt	17,625	16,129	14,803	13,892	11,921
Convertibles	0	0	0	0	0
Other long term liabilities	2,203	1,898	1,898	1,898	1,898
Current liabilities	**15,651**	**13,951**	**14,346**	**13,061**	**12,849**
Interest bearing debt	7,086	6,428	6,894	5,096	4,252
Payables	8,565	7,523	7,452	7,964	8,597
Other current liabilities	0	0	0	0	0
Balance sheet total	**70,406**	**65,055**	**66,682**	**67,494**	**68,684**

DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	0.8 %	7.3 %	6.9 %	7.9 %	7.9 %	7.0 %	6.5 %	6.5 %	6.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	10.1 %	12.1 %	13.0 %	13.2 %	13.3 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %
EBIT (operating profit)	**4,125**	**5,322**	**6,092**	**6,654**	**7,284**	**7,882**	**8,395**	**8,940**	**9,477**	**9,951**	**10,203**	
+ Depreciation	2,146	2,351	2,373	2,381	2,358	2,252	2,189	2,162	2,163	2,280	2,304	
- Paid taxes	-875	-1,254	-1,300	-1,321	-1,492	-1,646	-1,781	-1,923	-2,052	-2,167	-2,223	
- Tax, financial expenses	-269	-223	-162	-143	-110	-88	-66	-44	-33	-22	-22	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	585	-974	-195	-276	-799	-764	-759	-808	-795	-702	-374	
Operating cash flow	**5,712**	**5,223**	**6,808**	**7,294**	**7,240**	**7,636**	**7,978**	**8,327**	**8,760**	**9,340**	**9,888**	
+ Change in other long-term liabilities	-305	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	1,429	-1,958	-2,025	-2,104	-2,186	-2,273	-2,364	-2,460	-2,561	-2,666	-2,521	
Free operating cash flow	**6,836**	**3,265**	**4,783**	**5,191**	**5,054**	**5,363**	**5,614**	**5,867**	**6,200**	**6,674**	**7,367**	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	6,836	3,265	4,783	5,191	5,054	5,363	5,614	5,867	6,200	6,674	7,367	149,994
Discounted FCFF		**3,236**	**4,407**	**4,446**	**4,024**	**3,969**	**3,863**	**3,752**	**3,686**	**3,688**	**3,785**	**77,059**
Sum of FCFF present value		115,916	112,680	108,273	103,827	99,803	95,833	91,971	88,218	84,532	80,844	77,059
Enterprise value DCF		**115,916**										
- Interest bearing debt		-22,557										
+ Cash and cash equivalents		5,458										
+ Associated companies		0										
-Minorities		-103										
-Dividend/capital return		-706										
Equity value DCF		**98,009**										
Equity value DCF per share		**49**										

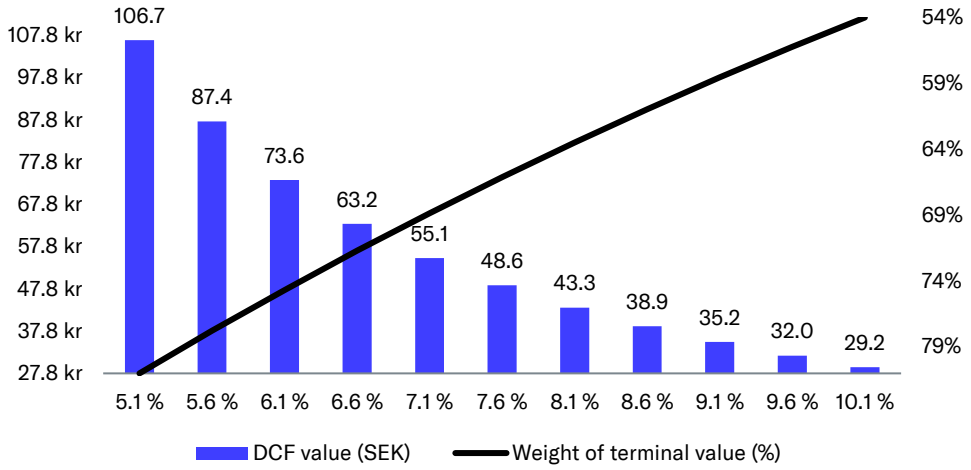
WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E)	15.0 %
Cost of debt	5.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	3.0 %
Cost of equity	**8.2 %**
Weighted average cost of capital (WACC)	**7.6 %**

Source: Inderes

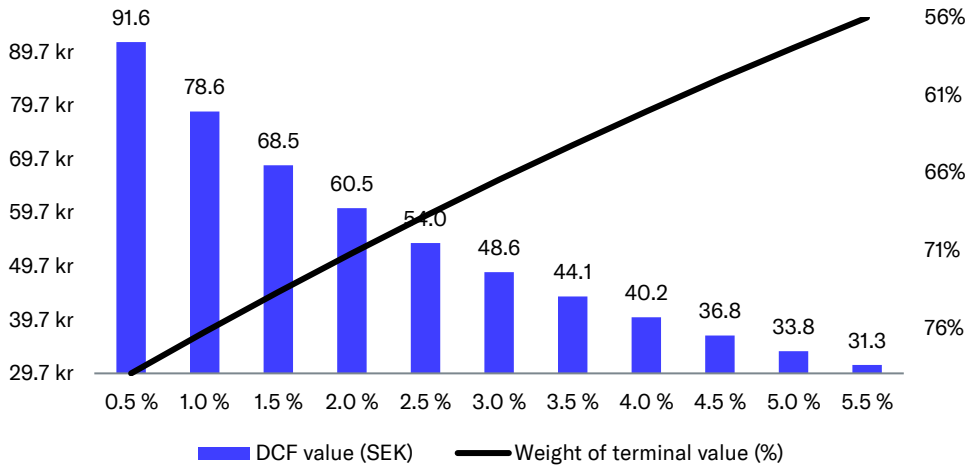


DCF sensitivity calculations and key assumptions in graphs

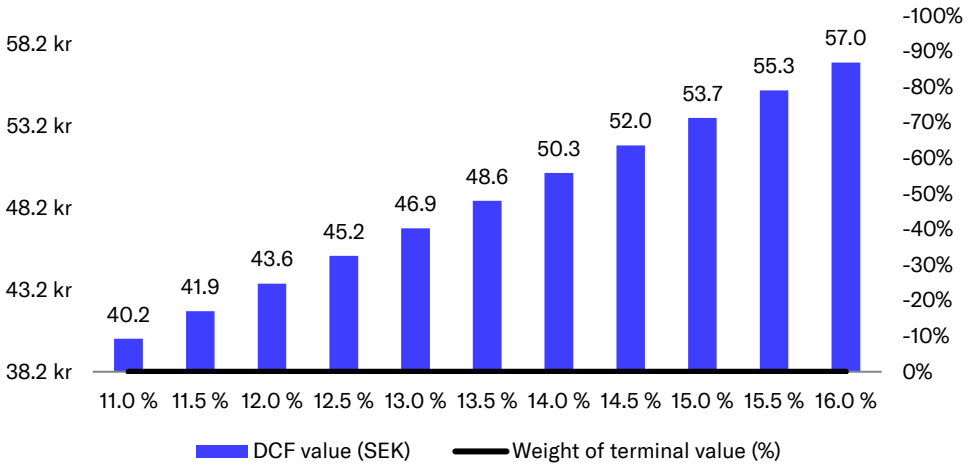
Sensitivity of DCF to changes in the WACC-%



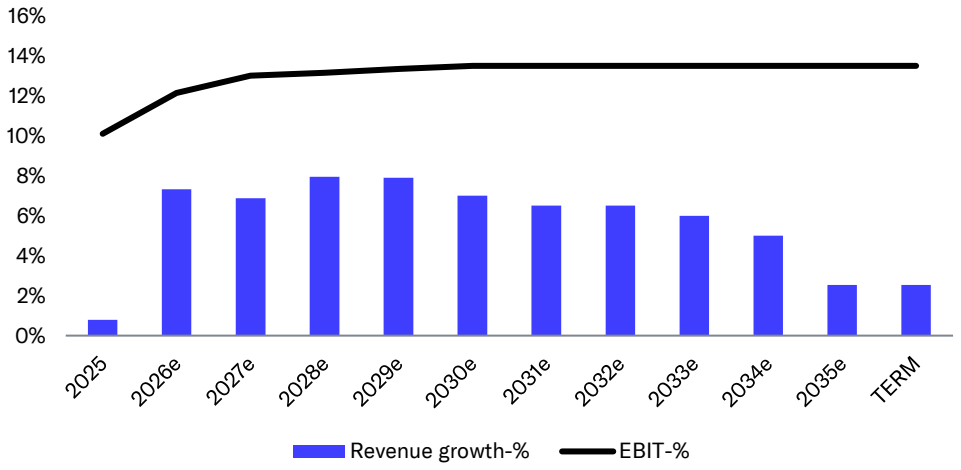
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	46,649	40,521	40,841	**43,835**	**46,850**
EBITDA	8,797	4,916	6,271	**7,673**	**8,465**
EBIT	6,973	2,671	4,125	**5,322**	**6,092**
PTP	6,331	1,536	3,155	**4,517**	**5,417**
Net Income	4,785	1,164	2,281	**3,264**	**4,117**
Extraordinary items	-96	-555	-178	**0**	**0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	68,104	70,406	65,055	**66,682**	**67,494**
Equity capital	27,420	32,140	30,290	**32,848**	**35,856**
Goodwill	22,925	25,290	25,290	**25,290**	**25,290**
Net debt	17,238	19,104	17,099	**15,122**	**11,961**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	8,797	4,916	6,271	**7,673**	**8,465**
Change in working capital	-409	-306	585	**-974**	**-195**
Operating cash flow	6,498	3,755	5,712	**5,223**	**6,808**
CAPEX	-13,837	-5,070	1,429	**-1,958**	**-2,025**
Free cash flow	-5,225	-4,522	6,836	**3,265**	**4,783**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	3.4	2.6	2.2	**2.4**	**2.2**
EV/EBITDA	18.2	21.6	14.2	**13.6**	**11.9**
EV/EBIT (adj.)	22.7	33.0	20.7	**19.6**	**16.6**
P/E (adj.)	29.2	54.3	29.2	**27.2**	**21.6**
P/B	5.2	2.7	2.4	**2.7**	**2.5**
Dividend-%	0.9 %	0.7 %	1.0 %	**1.2 %**	**1.5 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	2.37	0.58	1.13	**1.62**	**2.04**
EPS (adj.)	2.42	0.80	1.22	**1.62**	**2.04**
OCF / share	3.22	1.86	2.83	**2.59**	**3.38**
OFCF / share	-2.59	-2.24	3.39	**1.62**	**2.37**
Book value / share	13.58	15.92	15.01	**16.27**	**17.77**
Dividend / share	0.65	0.30	0.35	**0.55**	**0.65**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	16%	-13%	1%	**7%**	**7%**
EBITDA growth-%	18%	-44%	28%	**22%**	**10%**
EBIT (adj.) growth-%	23%	-54%	33%	**24%**	**14%**
EPS (adj.) growth-%	15%	-67%	53%	**33%**	**26%**
EBITDA-%	18.9 %	12.1 %	15.4 %	**17.5 %**	**18.1 %**
EBIT (adj.)-%	15.2 %	8.0 %	10.5 %	**12.1 %**	**13.0 %**
EBIT-%	14.9 %	6.6 %	10.1 %	**12.1 %**	**13.0 %**
ROE-%	17.3 %	3.9 %	7.3 %	**10.4 %**	**12.0 %**
ROI-%	15.8 %	5.0 %	7.5 %	**9.9 %**	**11.1 %**
Equity ratio	40.3 %	45.6 %	46.6 %	**49.3 %**	**53.1 %**
Gearing	62.9 %	59.4 %	56.5 %	**46.0 %**	**33.4 %**
Net debt/EBITDA	2.0	3.9	2.7	**2.0**	**1.4**
EBITDA/net financials	13.7	4.3	6.5	**9.5**	**12.5**

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2023-09-20	Reduce	74.1 kr	70.5 kr
2023-11-16	Reduce	62.0 kr	67.5 kr
2023-02-13	Reduce	59.0 kr	66.5 kr
2023-02-19	Reduce	56.0 kr	59.0 kr
2024-05-17	Reduce	55.0 kr	61.3 kr
2024-08-19	Accumulate	53.0 kr	47.8 kr
2024-11-18	Reduce	52.0 kr	50.1 kr
2025-02-04	Reduce	42.0 kr	43.5 kr
2025-02-17	Reduce	44.0 kr	44.7 kr
2025-05-04	Reduce	40.0 kr	42.7 kr
2025-05-16	Reduce	40.0 kr	44.0 kr
2025-08-19	Sell	40.0 kr	44.0 kr
2025-08-25	Sell	40.0 kr	46.0 kr
2025-09-23	Reduce	40.0 kr	36.8 kr
2025-11-05	Accumulate	40.0 kr	35.9 kr
2025-11-17	Accumulate	38.0 kr	32.9 kr
2025-02-13	Accumulate	44.0 kr	38.9 kr
2025-05-20	Accumulate	44.0 kr	40.0 kr
2025-08-24	Accumulate	47.0 kr	42.0 kr
2025-11-18	Accumulate	49.0 kr	44.1 kr



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Inderes Ab
Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

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